



**Office of the Attorney General
Robert E. Cooper, Jr.**

**Department of Commerce and Insurance
Commissioner Paula Flowers**

NEWS RELEASE

Office of the Attorney General
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Department of Commerce and Insurance
Division of Consumer Affairs
500 James Robertson Parkway Nashville, TN 37243

FOR IMMEDIATE RELEASE

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**TENNESSEE REACHES AGREEMENT WITH TRILEGIANT CORP., CHASE BANK
FOR "LIVE CHECK" AND OTHER SOLICITATIONS; CONSUMERS HAVE SEPT. 6,
2007 DEADLINE FOR REFUNDS**

The State of Tennessee today entered into two 15-state agreements totaling \$14.5 million with Chase Bank and Trilegiant Corp. to resolve allegations they deceived consumers into buying membership programs to get discounts on car and home repair, shopping, and other benefits.

"When you receive a check in the mail, the natural thing to do is try to endorse and deposit it," Tennessee Attorney General Bob Cooper said following today's announcement. "Before you sign the back of a check or redeem a gift card or voucher, make sure you carefully read all the terms and conditions. Some solicitations, even ones offering you what looks to be free money, may end up actually costing you much more in the long run."

(A sample Trilegiant/Chase "live check" solicitation can be accessed by scrolling below.)

Consumers, meanwhile, who have not already complained to the State or to Trilegiant, have until Sept. 6, 2007 to do so in writing. The agreement requires Trilegiant to pay a combined \$8.325 million in restitution to all consumers in Tennessee and the other 14 states. Trilegiant and Chase also will pay \$6.175 million to the settling states, which includes attorneys' fees and costs. Tennessee will receive \$358,000 from Trilegiant and \$125,000 from Chase.

The State alleges Chase and Trilegiant solicited consumers with offers of “free” trials in membership programs, without adequately informing consumers they would be charged automatically if they did not cancel within a specified period of time.

The solicitations often included a check for a small amount of money, from \$2 to \$15, which consumers often thought were rebates or rewards from their credit card companies. By cashing the check, however, the consumer allegedly agreed to pay for the membership program after the trial offer ended. The solicitations were often included in the consumers’ mortgage or credit card statements or in mailings with Chase’s logo on the envelope and letterhead. This tactic prevented consumers from realizing the solicitations were in fact sent by Trilegiant.

If consumers did not cancel within the required time, Trilegiant automatically billed the membership fees to consumers’ credit cards or loan statements on either a monthly or yearly basis, the complaint against Trilegiant alleges. Those charges continued until the consumer cancelled, many of whom had several memberships before they realized it.

The membership programs include, but are not limited to, AutoVantage Gold Service, AutoVantage Service, Buyers Advantage Service, CompleteHome Service, Just for Me, Pet Privileges Service, Shoppers Advantage Service and Travelers Advantage Service.

Chase and Trilegiant allegedly agreed to give Trilegiant access to Chase’s customers to market the membership programs. In soliciting Chase customers, Trilegiant used Chase’s name. Chase reviewed and approved marketing materials used by Trilegiant, according to the investigation.

In the future, Trilegiant, or any other company that solicits Chase customers in a similar manner must clearly disclose all terms of any “free trial.” The agreement also forbids Chase and Trilegiant from engaging in deceptive marketing of these membership programs.

Consumers who signed up for membership in a Trilegiant club and who were first charged membership fees on or after July 1, 2001 are eligible to receive refunds. Additionally, Trilegiant is required to notify consumers if they have active memberships and inform them how to cancel those memberships. Consumers who have already complained to the Division of Consumer Affairs or the Attorney General will receive full refunds.

In addition to Tennessee, the Attorneys General in the following states joined the agreement: Alaska, California, Connecticut, Illinois, Iowa, Maine, Michigan, Missouri, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Vermont and Washington.

Other business-entity parties to the agreement are Chase Home Finance, LLC and TRL Group, Inc. All of the companies involved denied any wrongdoing and have denied the allegations asserted by the States.

Consumers should monitor their mail for any notices from Trilegiant. Written complaints requesting refunds for unauthorized charges can be submitted to the Division of Consumer Affairs, 500 James Robertson Parkway, Nashville, TN 37243-0600 by no later than Sept. 6, 2007 to be eligible for a refund under the agreement.

Consumers who have unknowingly endorsed “live checks” or redeemed other items and have then been billed for membership programs should contact the Division of Consumers Affairs at 1-800-342-8385 (toll-free inside Tennessee) or (615) 741-4737.

A sample Trilegiant/Chase “live check” solicitation can be viewed at the Attorney General’s Website at:

<http://www.attorneygeneral.state.tn.us/press/2006/story/PR45.pdf>

SAMPLE TRILEGIANT/CHASE BANK LIVE CHECK SOLICITATION

FRONT OF ENVELOPE



BACK OF ENVELOPE



FRONT OF CHECK

SHOPPERS ADVANTAGE, 40 OAKVIEW DRIVE, TRUMBULL, CONNECTICUT 06611

DATE November 14, 2006

CHECK NO. 50-937
213

PAYABLE AT JPMORGAN CHASE BANK,
SYRACUSE, NY

PAY THE SUM ---- Fifteen Dollars and 00/100 ---- \$ 15.00 EXPIRES ON 1/9/07

PAY TO Brentwood ADDRESSEE OR BEARER

Cashing this check automatically enrolls you in a membership in the Shoppers Advantage® program. Void if amount over \$15.00.

AUTHORIZED SIGNATURE

BACK OF CHECK

PLEASE ENDORSE AND CASH OR DEPOSIT THIS CHECK TO AUTOMATICALLY ENROLL IN SHOPPERS ADVANTAGE, WHICH COMES WITH THE FIRST THIRTY DAYS AT NO COST. Unless I call toll free 1-877-658-9115 to cancel during the thirty-day no-cost period, my membership will be automatically extended for a full year at the \$119.99 annual membership fee. My membership will be automatically renewed at the \$129.99 annual membership fee for the second year, and renewed at the then-current fee each year thereafter, which will be billed automatically to my Chase credit card account, without my having to provide my account information or do anything further. If I decide at any time, for any reason, not to continue, I may call toll free and receive a full refund of my then-current annual membership fee. **This \$15.00 Check is mine to keep!** CHECK VOID IF UNSIGNED OR ALTERED.

X

Signature of payee required for processing.

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Small print says cashing this check automatically enrolls you in a membership in the ShoppersAdvantage® program

“No cost” offer could cost you \$119.99 for the first year, \$129.99 for the second, and even more in subsequent years. It is automatically billed to your Chase credit card!

Highlighted
"regarding" line
implies that the
check is a rebate
or refund from
Chase, the State
alleges

For A Valued Chase Cardmember -

A Special Offer for Chase Cardmembers



RE: **MONEY BACK ON YOUR CREDIT CARD PURCHASES**

You can start earning 2% back on your Chase credit card new purchases, up to \$100.00 each year, once you cash the enclosed check to enroll in Shoppers Advantage® with the first thirty days at no cost. Shoppers Advantage offered by Trilegiant, which is not affiliated with Chase, brings you this 2006-2007 Rebate Program because your satisfaction is important.

A Special Offer
for Chase
Cardmembers

Besides fine print, this is
the only mention that the
offer is from Trilegiant
and not Chase

Please accept the enclosed check and
use your \$15.00 cash for whatever you wish.

Tiny print gives
conditions for 2%
back and on
conditions of
Shoppers Advantage
program

Get 2% back on your Chase credit card purchases. Simply charge any items you buy to your Chase credit card. As a Shoppers Advantage member, you'll be eligible to receive 2% on your first \$5,000.00 of new purchases.¹ You can look forward to receiving a check for up to \$100.00 each year you keep your refund privileges.

Get prices so low, they're backed by a 100% Low Price Guarantee on thousands of brand-name products available through the Shoppers Advantage savings network.² You will be paid "double the difference" if you find a lower price anywhere within sixty days for an item you purchased through the network. Choose from first-quality merchandise made by Sony®, GE®, Seiko®, Compaq®, Fisher-Price®, Canon®, Whirlpool®, Bose®, Black & Decker®, Singer®, Panasonic®, and over a thousand other famous names. What's more, active Shoppers Advantage members get Automatic Warranty Extension up to two years from the date of purchase at no extra cost.³

Enjoy continuous privileges with convenient billing and a Money-Back Guarantee. You can review your membership materials when you enroll with the first thirty days at no cost. If you decide Shoppers Advantage is not for you, you can cancel your membership during that time by calling toll free. Unless you call toll free 1-877-658-9115 to cancel during the thirty-day no-cost period, your membership will be automatically extended for a full year at the \$119.99 annual membership fee. Your membership will be automatically renewed at the \$129.99 annual membership fee for the second year, and renewed at the then-current fee each year thereafter, which will be billed automatically to your Chase credit card account, without your having to provide your account information or do anything further. Your satisfaction is important. Just call toll free to cancel during the first thirty days and owe nothing... or cancel at any time thereafter and get a full refund of your then-current annual membership fee.

Your \$15.00 check is yours to keep compliments of John Kitzie, Senior Vice President, Shoppers Advantage.

LIMITATIONS AND EXCLUSIONS:

¹ You will earn 2% money back for up to \$5,000.00 of all new purchases charged each year to your Chase credit card; your total money back is payable to you in a check upon submitting your monthly Chase credit card statements at each anniversary of your enrollment in the program. You will have a 60 day period from your anniversary date to redeem the cash back you earn each year. You continue to earn cash back as long as you are an active member of the program.
² Low Price Guarantee: If you see a dated printed advertisement from an authorized dealer showing a lower price for exactly the same item you purchased from Shoppers Advantage, including manufacturer's U.S. warranty within 60 days of your purchase, you are entitled to a check for the difference in price plus an additional 100% of that difference. (Example: If you see a product for \$100 and find the product elsewhere for \$90, Shoppers Advantage will give you a check for \$20.00.) Demonstration models, one-of-a-kind items, and items purchased at limited sales are excluded. Calculation of the amount of your check will take into account sales taxes, shipping and any rebates. The Low Price Guarantee is not insurance and this description is not an insurance policy or contract for insurance. Claims for price adjustments for computer products, digital cameras, camcorders, and video games must be made within fifteen (15) days of purchase. Refunds are limited to a maximum of three (3) claims on any one type of item per Member per twelve-month period and up to a maximum of \$1,000 per Member per twelve-month period.
³ Anytime you purchase an item through Shoppers Advantage, and as long as you are a member, we will automatically extend the manufacturer's U.S. product warranty to 2 years from the date of purchase at no additional charge. Your membership must be active at the time of the product warranty claim. Products that come with a manufacturer's U.S. warranty are eligible.

Advertised products are offered by Trilegiant Corporation through an agreement with Chase Bank USA, N.A. All Shoppers Advantage services and benefits are offered and provided solely by Trilegiant Corporation, which assumes all responsibility for this program. Neither Chase Bank USA, N.A., nor its affiliates, are liable for any acts, omissions, claims or damages resulting from the provision of, or failure to provide, any services or benefits. Trilegiant Corporation may modify or improve any part of the service at any time and without prior notice. Shoppers Advantage is a registered service mark of Affinion Publishing LLC.

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